



Ways to Trim Spending

"Too many people spend money they earned...to buy things they don't want...to impress people that they don't like..."
—Will Rogers

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About Spending

Did you ever spend money you don't have? On things you don't need? Perhaps to impress people you don't even know? Did it make you happy? I would wager not.

Shopping can be great fun, and who doesn't love gorgeous things? Now don't get the wrong idea. I'm not against shopping -- I'm against "feeling-bad-after-shopping."

And I'm even more against the "you-are what-you-own" messages propagated by our consumer society. I just want you to understand emotions involved and help you cut down in ways that won't leave you feeling deprived. There are all kinds of ways to treat yourself without draining your bank account or overcharging on credit cards.

I use a balancing scale in my company logo -- that's what it's all about is balance.

Different Types of Dysfunctional Spending Habits:

- **Competitive spending** – We've all heard this one -- 'keeping up with the Joneses'. The competitive spender wants to build an image, gain status, and needs to have what others have. She's been known to buy things just to out-do someone else.
- **Compulsive spending** – The compulsive spender is emotionally driven; often because of poor-quality relationships. For her, shopping takes the place of affection, fulfillment, or other rewards that are missing from her life. In some cases it can even be a way of punishing herself. Just like an emotional eater, she tends to spend impulsively when she is depressed, lonely, or upset.
- **Narcissistic spending** – Looking good is important to her, thinking she will be judged by her appearance. As she shops she fantasizes about getting admiring glances from others. She is fascinated by fame and celebrity. She believes she is entitled to whatever she wants. Feelings of inferiority may be at the root of this one.
- **Bargain spending** – Her home is so cluttered with bargain buys, special offers, and bulk purchases that no one can find anything. The triumph of seizing what she thinks is an offer 'too good to pass up' gives her justification to overspend. She deludes herself about saving money but, in reality, she's a sucker for the hard sell.
- **Co-dependent spending** – The co-dependent spender spends lavishly on others. This may be with the intention of keeping them feeling indebted or close. She may buy things for others to compensate for not spending enough time with them or spend money to elevate herself in the eyes of her friends. She may wish to control another person or feel she has to spend money on them because she cannot meet their emotional needs.
- **Revenge spending** – She spends the money of a loved one as a means of punishing them. If the other person is spending recklessly she thinks it is her right to do so, too. Or, she may be getting back at them because of a mistake they made in the past. She may be reacting against someone's insensitivity, lack of appreciation, or lack of attention. This loved one is usually the husband or partner.

Spending with power enables you to:

1. Resist spending that is actually a cover-up for emotions. Take emotional control.
2. Confront your spending patterns. Change/stick to your core financial beliefs.
3. Spend less than you earn. Make sure all spending decisions are made for the right reasons.
4. Be honest about finances. Stare down your debt; face up to what you owe and decide how to pay it back.
5. Discover that good things do not have to cost money.
6. Plan your budget, create a cash flow schedule, and track spending to recognize when finances are moving the wrong direction.

"Money is only a tool. It will take you wherever you wish, but it will not replace you as the driver." – Ayn Rand



"You can only become truly accomplished at something you love. Don't make money your goal. Instead, pursue the things you love doing, and then do them so well that people can't take their eyes off you." –Maya Angelou

Feeling Stuck? Do Something Different!

- Take only cash if you usually use credit cards -- leave them locked up at home.
- Leave your money at home for a day. See how many calendar days each month you can spend absolutely nothing. Get excited about increasing that number.
- Replace spending trips that assuage your emotions with exercise: take a walk with a friend, get involved in an exercise class or exercise along with a TV show/DVD, join a sports team, go dancing or take dance instruction, sign up for a regular class at one of your city's community recreation centers, go swimming or paddling, take a hike or bike ride to enjoy beautiful scenery, join a team and train for a 5K...whatever it is that you like to participate in -- GO and DO!

According to WebMD, exercise releases endorphins in your brain, triggering a positive feeling in the body and diminishing perception of pain. It is also an effective but often underused treatment for mild to moderate depression.

Regular exercise has been proven to:

- Reduce stress
- Ward off anxiety and feelings of depression
- Boost self-esteem
- Improve sleep

Exercise also has these added health benefits:

- It strengthens your heart.
- It increases energy levels.
- It lowers blood pressure.
- It improves muscle tone and strength.
- It strengthens and builds bones.
- It helps reduce body fat.
- It makes you look fit and healthy. Resolve to only shop when in good shape.

- Gratify yourself with a small treat -- an accessory rather than whole outfit.
- Set a specific goal and reward yourself for reaching it.
- Change up your routine: instead of stopping by a coffee shop or mini-mart each morning for a drink, take a thermos of coffee made at home with you and fill a large 1.9 liter bottle with tap water to drink throughout the day to get your recommended daily intake.
- Discover free stuff by joining a recycling group like freecycle or barter your own goods or services in exchange for someone else's.
- If you've always been in the dark/unclear about your finances, start investigating, gathering documents, and getting organized to make the information easy to find and update. Create a physical or digital filing system for your documents.
- Keep ALL of your receipts instead of throwing them away or not asking for them. Clip together by month, categorize, and enter the totals into your spending tracking system. The object is to know where all your money is going.
- When facing money & spending fears, dare to go there! Educate yourself by reading the money and business section of the newspaper, listening to financial advice TV shows, or go online and visit a website dealing with understanding credit and interest rates. Determine to improve or repair your credit by visiting: <http://www.consumer.ftc.gov/articles/0058-credit-repair-how-help-yourself>

Bad debt is paying out more money than you get back in value/assets. Paying interest on bad debt is like flushing money down the toilet. Although bad debt is sometimes unavoidable, most of the time it is caused by consumer debt -- non-essential purchases that do not have the potential to make you any money.

Celebrate Your Progress!

"A journey of a thousand miles begins with a single step".
--Lao-tzu, Chinese philosopher

Keep a journal of your feelings surrounding your savings, spending, short- and long-term goals, and overall financial outlook. Reread occasionally to see how far you've come in your journey toward feeling internal prosperity and meeting your stated goals.





“Opportunity is missed by most people because it is dressed in overalls and looks like work.”
–Thomas Edison

“You must gain control over your money or the lack of it will forever control you.”
–Dave Ramsey

Money-saving Tips:

- ✓ Before using your credit card to purchase, ask yourself if the item will still be useable by the time you finish making payments for it
- ✓ Also ask yourself: “Would I buy this item if I were paying cash?”
- ✓ Consider purchases in terms of your earnings -- use the cost of the item divided by your hourly wage: a \$100 pair of jeans by \$10 an hour. Then ask yourself, are those jeans really worth ten long hours of work? Keep price tags in perspective
- ✓ Set money limits before you go shopping. Do not go shopping when you’re angry, sad, or hungry--you will make bad decisions.
- ✓ Keep an “I Want” vs. “I Need” list so that you can prioritize
- ✓ Shop with your list and stick to it! Never shop for recreation.
- ✓ Don’t make any impulse purchases. Shop because you have planned and decided to buy the goods, not because you need to feel a temporary buzz from the ‘get’-- soon to be followed by the downward crash, shame and blame when the bill comes due.
- ✓ Plan menus before you go grocery shopping
- ✓ Don’t over-buy just because something is on sale. Buy only bulk items that are used frequently or are non-perishable. There is no cost savings for bulk if items expire or spoil and are thrown out before being used.
- ✓ Shop at local resale shops, discount centers, and factory outlets. Look for end-of-season or wait for after-holiday heavily-discounted items.
- ✓ Sign up for free rewards programs using a separate, free email address (like gmail, hotmail, yahoo) to direct emails for sales and coupon notifications. [This will keep your personal email isolated from spam generated by list sharing.] Check for coupons and specials to print out before going shopping.
- ✓ Don’t buy any new clothes until your present wardrobe has been paid off. Repair, resize, or redesign/update items when able, rather than buying new.
- ✓ Think twice before buying clothing that requires dry cleaning
- ✓ Before you buy anything that costs more than \$100.00, wait 24 hours
- ✓ Plan big purchases: check for the best seasonal timing, price check/compare on the internet, look for coupons or rebates, consider reliability reports
- ✓ Plan errands carefully to cover the least amount of mileage
- ✓ Discuss gift spending limits for holidays and parties with all involved; this will reduce expenditures and be greatly appreciated by less-affluent participants.
- ✓ Make your own gifts instead of buying them from the store, or purchase dollar store items and personalize them using craft supplies.
- ✓ Skip the daily coffee shop latte and bring your own coffee to work
- ✓ Take your lunch to work. Treat yourself to eat lunch out once a month
- ✓ Stay clear of fast food restaurants & mini-marts -- the grocery store is cheaper
- ✓ Socialize with pot-luck or ‘bring-your-own’ meals rather than at restaurants
- ✓ Make hair appointments every 6 weeks instead of every 4 weeks; Do-it-yourself styling; Color your own hair
- ✓ Do your own manicures or share with a friend; look for Groupon/ other coupons
- ✓ Stop subscribing to newspapers or magazines that are never read. Most are available at the library if needed.
- ✓ Use local news and websites to learn about free or low-cost parks, museums, film showings, sports events, and other places that you and your family would enjoy
- ✓ Cut your cable television to basic; supplement with Netflix/Hulu/Amazon, etc.
- ✓ Combine/bundle your cable, internet, and telephone line service for savings.
- ✓ Don’t buy DVDs – use 1-day rental (Redbox), a streaming service (as above), or borrow from the library
- ✓ Don’t spend money on huge televisions and iPhones (that have large monthly voice and data charges) if you can’t buy food
- ✓ Use long distance calling cards, Skype or other Voice-over-IP on the computer
- ✓ Take advantage of discounts or incentive programs provided by your employer: fitness center memberships, diet programs, movie tickets, passes to festivals, etc.
- ✓ Use a health savings account (HSA/FSA), if available from your employer/ insurer, paying out-of-pocket medical/dental/optical/pharmacy costs with tax-free dollars
- ✓ Find the lowest-cost place to purchase prescription drugs: local or chain pharmacies, supermarkets, area discount centers, and mail-order pharmacies
- ✓ Practice preventative dental care: flossing daily and a good cleaning routine helps prevent fillings, root canals, and dental crowns, which are expensive and no fun.



***“Financial peace isn’t the acquisition of stuff. It’s learning to live on less than you make, so you can give money back and have money to invest. You can’t win until you do this.”
–Dave Ramsey***



- ✓ Stop expensive, self-destructive habits: ditch cigarettes, illicit drugs, and excessive alcohol. They’re not only a detriment to your health, but a huge money waster.
- ✓ Maintain your car properly so it will last longer. Keep the engine tuned and tires inflated to their proper pressure; this can save up to \$100 a year in gasoline
- ✓ Shop around for the best gasoline prices using apps/websites like GasBuddy
- ✓ Use public transportation or car-pooling, especially if you have to pay for parking.
- ✓ Examine your car insurance and home insurance deductibles. If you raise your deductibles, you will reduce your premiums. Shop for the best rates, comparing identical coverage limits, deductibles, and quality customer service.
- ✓ Assess your need/amount of coverage for life insurance or disability. If your children are self-supporting, your spouse works, or your annual expenses have downsized, you may not need as much life insurance/disability protection.
- ✓ Opt out of credit insurance coverage on installment loans. You don’t need credit insurance if you have insurance or sufficient assets to protect in the event of death, disability, or unemployment.
- ✓ Housing Costs: consider downsizing if you have more space than you need; share costs by getting a roommate or list an extra room on a website like Airbnb
- ✓ If you carry mortgage insurance (PMI), make sure you still need it, and ask your lender to drop it when equity is large enough
- ✓ Request a reduction in the interest rate for your home equity line of credit (often available if you agree to autopay). Investigate possible savings by refinancing your home at a lower interest rate, but do not increase years to pay off the loan.
- ✓ Examine nearby home sales to see if you can appeal your yearly property taxes to get them lowered if the assessment is based on an unrealistic fair market value.
- ✓ Weatherproof & ask your local electric or gas utility for a free home energy audit. Keep your thermostat at 68 degrees during the winter and use a programmable thermostat to turn heat off at night, during the day while everyone is out of the house, and when on vacation. Shut vents in unused rooms and close the door. Lower your water heater temperature by 25 degrees. Use window coverings to block or let in sunshine, as dictated by season and outdoor temperature.
- ✓ Take shorter showers; use a water-limiting shower head. Replace water-hungry landscaping with native plants.
- ✓ Always power off appliances/electronics that are not being used. Switch to energy efficient appliances, water heater, and CFL light bulbs.
- ✓ Run the dishwasher and washing machine only with full loads
- ✓ Banking: maintain the minimum no-service-charge account balance or find free checking. Avoid overdraft or overuse (for money market account) fees.
- ✓ Avoid paying costly ATM fees by only using the ATM network of your bank
- ✓ Pay all bills on time and avoid late penalty fees. Know credit card balances and account limits -- don’t go over, which would result in fees and possibly a higher interest rate being charged from then forward into the future.
- ✓ If paying in cash, no matter the transaction size, keep your receipts to record. Make notes when receipts are not possible, such as frequent use of vending machines.
- ✓ Be accountable to someone; find a money buddy or consult a financial professional that may be available via your existing retirement account.
- ✓ Improve your credit score -- a good credit score (over 730) can save you thousands of dollar in interest on everything from a home loan to car loan, school loans to credit cards. A good credit score will also help when applying for jobs and home/apartment rentals (although owning your own home is preferred).
- ✓ Save your spare change every day. Put it in a jar and add it to your savings account at the end of each month
- ✓ If you get a raise, cost of living increase, or unexpected cash, save it – don’t spend it
- ✓ Resist the temptation to ‘save money’ by accepting retail store credit cards.
- ✓ Lock up your credit cards in a home safe or bank safety deposit box. Don’t use them!

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